

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
November 30, 2022**

Sunnyview Villa, located at 2900-2950 N. Indian Canyon Dr. in Palm Springs, requested and is being recommended for a reservation of \$741,847 in annual federal tax credits to finance the acquisition & rehabilitation of 43 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Community Preservation Partners, LLC and is located in Senate District 28 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers..

Project Number CA-22-626

Project Name Sunnyview Villa
Site Address: 2900-2950 N. Indian Canyon Dr.
Palm Springs, CA 92262-2022 County: Riverside
Census Tract: 9413.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$741,847	\$0
Recommended:	\$741,847	\$0

Applicant Information

Applicant: Sunnyview Villa Community Partners, LP
Contact: Anand Kannan
Address: 17782 Sky Park Circle
Irvine, CA 92614
Phone: 949-236-8278
Email: akannan@cpp-housing.com

General Partner(s) or Principal Owner(s): CPP - Sunnyview Villa GP, LLC
FFAH V Sunnyview Villa LLC
General Partner Type: Joint Venture
Parent Company(ies): WNC Development Partners, LLC
Foundation for Affordable Housing
Developer: Community Preservation Partners, LLC
Bond Issuer: CMFA
Investor/Consultant: WNC & Associates
Management Agent: Quality Management Group

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 8
Total # of Units: 44
No. / % of Low Income Units: 43 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
(43 Units - 100%)

Information

Housing Type: Non-Targeted
 Geographic Area: Inland Empire Region
 CTCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	5	12%
50% AMI:	5	12%
60% AMI:	33	77%

Unit Mix

40 2-Bedroom Units
<u>4 3-Bedroom Units</u>
44 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 2 Bedrooms	50%	\$990
4 3 Bedrooms	60%	\$1,373
5 2 Bedrooms	30%	\$594
29 2 Bedrooms	60%	\$1,188
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,419,500
Rehabilitation Costs	\$3,326,180
Construction Hard Cost Contingency	\$332,618
Soft Cost Contingency	\$75,000
Relocation	\$55,000
Architectural/Engineering	\$234,500
Const. Interest, Perm. Financing	\$1,950,536
Legal Fees	\$215,000
Reserves	\$273,000
Other Costs	\$338,459
Developer Fee	\$1,987,289
Total	\$20,207,082

Residential

Construction Cost Per Square Foot:	\$80
Per Unit Cost:	\$459,252
True Cash Per Unit Cost*:	\$455,375

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Redstone	\$10,497,540	Redstone	\$12,163,000
Redstone - Recycled Bonds	\$3,065,696	Deferred Developer Fee	\$170,594
Deferred Developer Fee	\$1,741,456	Net Operating Income	\$1,271,049
Net Operating Income	\$1,271,049	Tax Credit Equity	\$6,602,439
Tax Credit Equity	\$3,631,341	TOTAL	\$20,207,082

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,550,639
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$11,997,392
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,550,639
Qualified Basis (Acquisition):	\$11,997,392
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$261,951
Maximum Annual Federal Credit, Acquisition:	\$479,896
Total Maximum Annual Federal Credit:	\$741,847
Approved Developer Fee in Project Cost:	\$1,987,289
Approved Developer Fee in Eligible Basis:	\$1,987,289
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.89000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The project is anticipated to be a 100% tax credit project, but potentially has over-income tenants that do not meet CTCAC income limit requirements and will not qualify for the AMI targeting above. If tenants are over income, the applicant will endeavor to have these tenants relocate so that when it places in service as CA-22-626 will be a 100% tax credit project. However, if any of these tenants do not relocate, the project's actual applicable fraction will be determined at the placed-in-service review.

Resyndication and Resyndication Transfer Event. None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.